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FM AMEMBASSY COPENHAGEN
TO RUEHC/SECSTATE WASHDC PRIORITY 3899
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 COPENHAGEN 000998

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NSC FOR JUDY ANSLEY, MARIA GERMANO

E.O. 12958: DECL: 10/30/2017

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SUBJECT: DANISH PARLIAMENTARY ELECTIONS: RASMUSSEN'S TO LOSE

REF: COPENHAGEN 970

Classified By: Ambassador James P. Cain, reasons 1.4b,d

¶1. (C) Summary: Two weeks ahead of Danish parliamentary elections November 13, Prime Minister Anders Fogh Rasmussen looks set to return to office as head of a center-right minority government -- although perhaps with the backing of a broader and less manageable coalition. The opposition so far has been unable to move beyond a rough parity with the current government parties, suggesting that Denmark's high economic growth, historically low unemployment and record budget surpluses will be decisive in a campaign focused on domestic issues. Whether Rasmussen stays or is replaced by a Social Democratic-led government, Danish foreign policy will essentially remain pro-EU, Atlanticist and committed to active engagement in the wider world. End summary.

¶2. (C) Polling and the tenor of the electoral campaign so far suggest that PM Rasmussen chose well in calling early elections, striking while in good position and before heading into contentious public sector wage negotiations in the new year. Buoyed by the strongest Danish economy in memory and faced with a lackluster political opposition, Rasmussen and his Liberal-Conservative coalition (supported by the populist, anti-immigration Danish People's Party) entered this campaign as clear favorites. Support for the opposition remains stalled at less than half. Barring some unexpected shift, the big question is whether the current government parties can achieve a majority on their own, or will need to rely on the support of the centrist New Alliance Party (which has nominally committed to support Rasmussen).

¶3. (C) The possibility of New Alliance in the kingmaker role presents Rasmussen with a range of challenges, however. New Alliance was formed just five months ago as a breakaway party from the Social Liberal Party (now backing the main opposition). New Alliance may prove a difficult partner on its own, but perhaps impossibly so in collaboration with the Danish People's Party, its ideological opposite on immigration and other issues. The DPP's charismatic founder, Pia Kjaersgaard, is using an image of Mohammed on her party's campaign posters, reminding voters of the upheaval over cartoons in 2006 and the free-speech absolutism of the DPP. What's more, one can't be certain that New Alliance leader Naser Khader (reftel) won't support the Social Democrats in the end -- regardless of his public position -- thereby tipping the balance against the government. For these reasons, Rasmussen will be working hard to shore up the Liberal, Conservative and DPP vote to ensure that he doesn't have to depend on Khader. Unfortunately for the prime minister, support for the New Alliance appears to be growing, following a steep decline over the summer.

¶4. (C) The Social Democrats, meanwhile, are looking to

capitalize on voter concerns about public services and a desire for change after six years of a Liberal-led government. Although Danes have among the highest tax rates in the world, they value their public benefits, and the government's (relatively) tight rein on spending has left it vulnerable to criticism. So far, however, the Social Democrats haven't gotten much traction on this issue, as many voters accept the government's argument that it can spend the money more efficiently than the SDP. The Social Democrats have an untested but capable and telegenic leader in Helle Thorning-Schmidt. Her performance in upcoming presidential-style debates with Rasmussen will be critical to raising her stature and improving the opposition's chances. These prospects were diminished further this week when the Socialist People's Party announced its demand for ministerial positions in an SDP-led government, a move bound to alienate potential coalition partners and motivate center-right voters.

15. (C) With the focus on the choices presented by unprecedented prosperity at home, foreign policy has so far been largely absent from this campaign. This reflects not only a preoccupation with domestic issues but also a general consensus among the main parties on the broad outlines of Danish foreign policy. The government's decision to withdraw from Iraq earlier this year removed the one divisive issue that could have played a major role in the election, as was probably the prime minister's intention at the time. The Danish deployment in Afghanistan has strong support within the SDP and Social Liberal parties. Over the last year, the Danish opposition has exploited the alleged mistreatment of Afghan detainees and purported CIA renditions in an attempt to embarrass the government. However, these issues have not emerged so far in the campaign. In keeping with recent Danish tradition, the major parties have tacitly agreed not

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to make an issue of whether to hold a referendum on the EU Lisbon treaty. Neither have relations with the U.S. been an issue. While there are certainly anti-American elements within the Danish Left (they are founding tenets for the New Alliance), for the most part the Danish opposition demonstrates a responsible approach to foreign policy and values the partnership between the U.S. and Europe.

16. (C) Comment: A change to a Social Democratic-led government would present significant challenges for the United States -- the current government has been among our closest allies -- but not insurmountable ones. Pressed to bet, our money is on Rasmussen to win, but we can also take satisfaction in the conviction that Denmark will remain a valued partner even if we lose that wager.

CAIN